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SUBJECT: LABOUR DOOMED TO WANDER NEW ZEALAND'S POLITICAL
WILDERNESS?

Classified By: Acting DCM Margaret McKean; Reason 1.4 (b) and (d)

¶1. (C) Summary. Since the November 2008 election that ousted the Labour-led government of former PM Helen Clark, the Labour Party has struggled to define itself in opposition to attract positive media attention as well as the public's interest. So far the Labour Party has failed on both counts.

The National Party of John Key retains high public approval ratings in the polls so far this year, and the government continues to find ways to work constructively with the minor political parties (ACT, United Future, Maori Party) that have supply and confidence agreements with National. Of note, National recently signed an MOU with the left-wing Green Party. Even Labour Party faithful have questioned how the Labour Party leadership has managed the transition from party in power to party in opposition. Most worrisome to Labour however, was a recent newspaper editorial that already ruled out Labour's chances for victory in 2011, relegating Labour effectively to the political wilderness in the near term. End Summary.

Did Labour Listen to Voters Last November?

¶2. (C) In the aftermath of the Labour Party's defeat at the polls in November 2008, the party took quick action that Labour party leadership thought would mitigate damage to the party's morale and set the stage for a strong opposition role for the party. Helen Clark announced on election night that she was stepping down as party leader and deputy party leader Michael Cullen quickly followed suit. These resignations paved the way for a relatively speedy transfer of the Labour Party leadership mantle to Phil Goff, with Annette King as his deputy. The leadership transfer was largely accomplished behind closed doors and Labour Party MPs filed before the media to endorse the decision and declared themselves a unified and rejuvenated opposition bench. Some pro-Labour analysts decried the backroom deal approach to leadership selection, and were disappointed that the party had barely let the election dust settle before naming long-serving MP and Clark contemporary Phil Goff as leader. Others thought the selection of Goff and Labour's depiction of him and Annette King as fresh faces was unconvincing -- particularly compared to the relatively large influx of young talented National MPs.

¶3. (C) Mainstream media also criticized Labour's approach to opposition politics, noting that the party had refused to acknowledge the electoral drubbing received at the polls. One commentator noted that Labour seemed intent on believing that the public had simply grown bored with Labour and in a fit of madness, voted in the National Party. Once voters realized the error in their ways, they would return Labour to power, the reasoning went. Other analysts pointed out that the party seemed oblivious to Labour's failed policies that had alienated voters, and that without some public allowance that Labour had lost touch with the electorate, it would be

difficult for Labour to reconnect with voters. In response to some of the media criticism, Phil Goff commented that Labour would do some internal review, but journalists also noted that the behavior of Labour MPs in Parliament suggested that some were unaware they were no longer in government.

¶4. (SBU) At the Labour Party caucus meetings in March, Labour discussions centered on decrying the National Party's secret agenda, seemingly unaware that those stale accusations did not work in the lead up to the 2008 election and would fail to resonate with voters so far in 2009. In fact, public opinion polling continues to give National and PM John Key even higher support numbers than National received at the polls last November. And even though Clark stepped down as party leader and secured a UN job, she still outpolled Phil Goff in preferred PM polling.

But Some Backpedalling Taking Place

¶5. (SBU) Despite Labour's efforts to downplay its policy missteps under Helen Clark, Labour has quietly backpedalled on a few key, signature Labour issues. Labour signed on to the National government's wholesale repeal of the Electoral Finance Act, which the Labour Party had promulgated to limit campaign finance contributions and make political donations more transparent. However, the legislation was cumbersome, overly complex, and was heavily criticized by the public, the Human Rights Commission, and the legal profession. More recently, Labour allowed that some accommodation to Maori over the Foreshore and Seabed legislation may be reasonable. (Note: Labour's support for the Foreshore and Seabed Act

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spawned the Maori Party, as Maori within the Labour Party felt that Labour had betrayed their interests in passing the controversial legislation. End Note.)

Greens Sign MOU with National

¶6. (SBU) On April 8, the Green Party and National signed an MOU that lays out a framework for engagement on areas of policy agreement. Some areas of engagement, e.g., energy efficiency, regulation of the pharmaceutical/natural remedies program, have already been formalized in an appendix of the MOU. How the MOU would function in practice will start with the Greens identifying a policy area of common ground with the GNZ, and then seeking further discussions with government. The process could allow the Greens access to official advice on the issue (which ordinarily would not be available to parties outside government). The outcome could allow for the Greens to have some influence on policy or legislation. The MOU signing stands in stark contrast to statements by Green Party officials prior to and after the election that stated the Greens would not work with National.

¶7. (C) As political analysts scratched their heads over the meaning of this seeming capitulation by the Greens, it appeared that National's strong post-election showing and Labour's inability to generate public interest pushed the Greens to seek a modus vivendi with National in order to stay politically relevant. We asked a Labour Party source if the MOU meant the Greens had reconciled themselves to the old adage, "if you can't beat em, join em," and if this move politically isolated Labour even further. Our source, a Labour policy advisor, was relaxed about the MOU and noted that Labour has regular and in-depth contact with Green Party leader Jeannette Fitzsimmons; however, Fitzsimmons is stepping down as co-leader soon and Labour is unsure how well the good historical relationship between the two parties will continue with Russel Norman and the new (as yet undetermined) co-leader.

Looking Ahead for Labour

18. (C) An April 16 Dominion Post editorial critical of Labour's continued reliance on old party faces predicted that National would remain in government for at least two terms, a prediction that many have voiced in private but had not stated publicly. The editorial also noted that Labour will not be able to woo back voters -- the electorate will need to first become disenchanted with National. If Labour is not in a position to be viewed as a viable alternative, they could still lose out in winning back the public. Labour has dismissed the editorial and blamed the editorial staff for being anti-Labour. However, we understand that Labour privately is already laying the groundwork for further resignations before the next election so that more younger Labour candidates can come forward, laying the groundwork for a National-style rejuvenation.

Comment

19. (C) Even in defeat, Helen Clark continued to cast a long shadow over the future of the Labour Party, despite her generally low profile after transferring the leadership to Phil Goff. With her departure for New York, effective rebuilding can begin, but is likely to be done slowly and without fanfare for fear of endangering the Clark legacy, which many in Labour will find difficult to let go. Most analysts agree that Labour needs an influx of new blood; however, simply promoting younger Labour Party personalities may not be enough to change voting patterns without a fundamental rethink of how some of Labour's policies were rejected by the electorate and that a more centrist approach to governance (as National has done) may be needed. The Labour Party also tends to attract its membership from the ranks of academics, unions and government workers. National's younger candidates, in contrast, typified the cross section of younger New Zealand professionals and middle class families -- and were candidates who attracted important swing voters in urban centers where Labour traditionally had strong support. Whether Labour can field a similar broad range of younger candidates among its traditional left-of-center pockets of support is in question. The party will also need to revamp its current parliamentary list, which is replete with tried, tested, and largely defeated Labour Party stalwarts. End Comment.
KEEGAN